

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§
	§
GULF COAST OIL CORPORATION,	§ Case No. 08-50213
	§
CENTURY RESOURCES, INC.,	§ Case No. 08-50214
	§
NEW CENTURY ENERGY CORP.,	§ Case No. 08-50215
	§
	§ Chapter 11
Debtors.	§
	§ (Jointly Administered Under Case
	§ Number 08-50213)
	§

DECLARATION OF PATRICK REGAN

I, Patrick Regan, declare as follows:

1. I am more than twenty-one-years-old and have personal knowledge of the facts in this Declaration.
2. I am a Senior Managing Director for Laurus Capital Management, LLC, the investment manager for Laurus Master Fund, Ltd., PSource Structured Debt Limited, and Promethean Industries, Inc.
3. Laurus Capital Management, LLC, has a services agreement with Valens Capital Management, LLC, which is the investment manager for Valens Offshore SPV I, Ltd., Valens Offshore SPV II, Corp., and Valens U.S. SPV I, LLC. I am also a Senior Managing Director of Valens Capital Management, LLC.
4. Laurus Master Fund Ltd., together with any and all affiliates, successors, agents or assignees to whom it or its affiliates, successors, agents or assignees has assigned or may assign certain or all of its rights, including Valens Offshore SPV I, Ltd.,

Valens Offshore SPV II, Corp, Valens U.S. SPV I, LLC, PSource Structured Debt Limited, Promethean Industries, Inc., and LV Administrative Services, Inc., are hereinunder collectively referred to as "Laurus".

5. I have been with Laurus Capital Management, LLC, since 2001 and have been in my current position for approximately two years. Additionally, I am a member of the Investment Committee, the Underwriting Committee and the Management Committee of Laurus Capital Management, LLC. I received an MBA from Fordham University in 2001.

6. In my current position (as a Senior Managing Director for Laurus Capital Management, LLC, and Valens Capital Management, LLC), I am responsible for the oversight and management of portfolio investments of Laurus. I oversee the analysts working on transactions and the closings thereof, and I am familiar with the manner in which the books and records of Laurus are maintained.

7. I am familiar with the documents and terms therein relating to the various loan transactions (as described in more detail below) among Laurus, New Century Energy Corp. ("New Century"), Gulf Coast Oil Corporation ("Gulf Coast"), and Century Resources, Inc. ("Century Resources"). New Century, Gulf Coast and Century Resources are the debtors and debtors in possession in the above captioned chapter 11 cases, and they are collectively referred to hereinunder as the "Debtors".

8. Due to the voluminous nature of the exhibits attached to this Declaration, they are being filed with the Court but will be served only on the Debtors and the United States Trustee. The exhibits will also be served on the statutory committee of unsecured creditors if a committee is appointed. Interested parties wishing to obtain a copy of the

exhibits may obtain a CD containing the exhibits by sending a written request to counsel for Laurus, Emily S. Chou, Esq., WarnerStevens, LLP, telephone: 817-810-5250, facsimile: 817-810-5255, electronic mail: echou@warnerstevens.com.

9. I make this Declaration relating to the following secured financing transactions among Laurus, New Century, Century Resources and Gulf Coast and documents related thereto (each financing transaction and related loan and security interest / lien documents are further described in more detail hereinbelow):

EXHIBIT No.	DOCUMENT DESCRIPTION
JUNE 2005 SECURED FINANCING	
1	June 2005 SPA
2	Original June 2005 Term Note
3	Amended June 2005 Term Note
4	Second Amended June 2005 Term Note
5	June 2005 Guaranty
6	June 2005 MSA
7	June 2005 Stock Pledge Agreement
8-9	June 2005 Deeds of Trust
10	June 2005 Collateral Assignment
11	June 2005 UCCs
SEPTEMBER 2005 SECURED FINANCING	
12	September 2005 SPA
13	Original September 2005 Term Note
14	Amended September 2005 Term Note
15	Second Amended September 2005 Term Note
16	Third Amended September 2005 Term Note
17	Fourth Amended September 2005 Term Note
18	September 2005 Reaffirmation Agreement
19	September 2005 UCCs
20-22	September 2005 Deeds of Trust
23	September 2005 Collateral Assignment

EXHIBIT No.	DOCUMENT DESCRIPTION
APRIL 2006 SECURED FINANCING	
24	April 2006 SPA
25	Original April 2006 Term Note
26	Amended April 2006 Term Note
27	April 2006 NCEY Guaranty & April 2006 Gulf Coast Guaranty
28	April 2006 MSA
29	April 2006 Stock Pledge Agreement
30	April 2006 Reaffirmation Agreement
31	April 2006 UCCs
32	April 2006 Lock Box Control Agreement
33-37	April 2006 Deeds of Trust
JUNE 2006 SECURED FINANCING	
38	June 2006 SPA
39	June 2006 Term Note
40-41	June 2006 Reaffirmation Agreements
42-43	June 2006 Deeds of Trust
44	June 2006 Collateral Assignment
45	June 2006 UCCs
DECEMBER 2006 SECURED FINANCING	
46	December 2006 SPA
47	December 2006 Term Note
48	December 2006 MSA
49	December 2006 Guaranty
50	December 2006 Reaffirmation Agreement
51-52	December 2006 Deeds of Trust
53	December 2006 UCCs

EXHIBIT No.	DOCUMENT DESCRIPTION
NOVEMBER 2007 SECURED FINANCING – GULF COAST TRANSACTION	
54	November 2007 SPA
55	November 2007 Valens Term Note
56	November 2007 Valens Offshore Term Note
57	Amendment of Existing Note
58	November 2007 Guaranty
59	November 2007 MSA
60	November 2007 Stock Pledge Agreement
61	Net Profits Agreement
62-63	Net Profits Conveyance
64	November 2007 Lock Box Control Agreement
65	November 2007 Lock Box Mechanics Agreement
66-72	November 2007 Deeds of Trust
NOVEMBER 2007 SECURED FINANCING – NEW CENTURY TRANSACTION	
73	November 2007 NCEY SPA
74	November 2007 NCEY Valens Term Note
75	November 2007 NCEY Valens
76	November 2007 NCEY Guaranty
77	November 2007 NCEY MSA
78-79	November 2007 NCEY Ratification of Deeds
80	NCEY Net Profits Interest Agreement
81-83	NCEY Net Profits Conveyance
84	November 2007 NCEY Stock Pledge Agreement
85	November 2007 NCEY Restricted Account Agreements
86-90	November NCEY 2007 Deeds of Trust
91	November 2007 NCEY Consent Letter
92	November 2007 UCCs
DEFAULT AND ACCELERATION OF NOTES	
93	July 7 Default Notice
94	July 21 Acceleration Notice

I. The June 2005 Secured Financing – New Century

10. In June, 2005, Laurus provided secured financing to New Century (the “June 2005 Secured Financing”) and executed the following documents.

11. On June 30, 2005, New Century and Laurus entered into a Securities Purchase Agreement (as amended, modified, supplemented and/or restated, the “June 2005 SPA”) pursuant to which New Century sold a Secured Convertible Term Note in the principal amount of \$15,000,000 (the “Original June 2005 Term Note”), and issued warrants and options to Laurus to purchase additional shares of New Century’s common stock. A true and correct copy of the June 2005 SPA is attached hereto as **Exhibit “1”**, and a true and correct copy of the Original June 2005 Term Note is attached hereto as **Exhibit “2”**.

12. The Original June 2005 Term Note was subsequently amended by that certain Amended and Restated Secured Convertible Term Note entered into as of December 30, 2005, but effective as of June 30, 2005 (the “Amended June 2005 Term Note”). A true and correct copy of the Amended June 2005 Term Note is attached hereto as **Exhibit “3”**.

13. The Original June 2005 Term Note and Amended June 2005 Term Note were subsequently amended by the Second Amended and Restated Secured Convertible Term Note entered into as of December 28, 2006, but effective as of June 30, 2005 (the “Second Amended June 2005 Term Note”). A true and correct copy of the Second Amended June 2005 Term Note is attached hereto as **Exhibit “4”**.

14. The Original June 2005 Term Note as amended by the Amended June 2005 Term Note and the Second Amended June 2005 Term Note, and as further

amended, modified, and restated, are collectively referred to hereunder as the “June 2005 Term Note”.

15. Century Resources executed the Subsidiary Guaranty dated June 30, 2005 (the “June 2005 Guaranty”), whereby Century Resources agreed to guaranty the prompt payment of all amounts and obligations, when due, owed to Laurus under the June 2005 SPA, the June 2005 Term Note and the other documents executed in connection therewith. A true and correct copy of the June 2005 Guaranty is attached hereto as **Exhibit “5”**.

16. New Century, Century Resources and Laurus entered into the Master Security Agreement dated June 30, 2005 (as amended, modified, or supplemented, the “June 2005 MSA”), whereby New Century and Century Resources granted Laurus security interests in and liens against substantially all of the assets, including after acquired assets, of New Century and Century Resources to secure the obligations of New Century and Century Resources arising, *inter alia*, under the June 2005 SPA, the June 2005 Term Note, the June 2005 Guaranty and the other documents executed in connection therewith. A true and correct copy of the June 2005 MSA is attached hereto as **Exhibit “6”**.

17. New Century and Laurus entered into the Stock Pledge Agreement dated June 30, 2005 (the “June 2005 Stock Pledge Agreement”), whereby New Century pledged certain shares of stock, and all dividends, cash, instruments and other property and proceeds from time to time received, receivable, or otherwise distributed in respect of or in exchange for any and all of the shares of stock pledged therein, to secure the obligations of New Century including, but not limited to, those obligations arising under

the June 2005 SPA, the June 2005 Term Note and the other documents executed in connection therewith. A true and correct copy of the June 2005 Stock Pledge Agreement is attached hereto as **Exhibit “7”**.

18. To secure the obligations of New Century and Century Resources arising, *inter alia*, under the June 2005 SPA, the June 2005 Term Note, and the June 2005 Guaranty, New Century and Century Resources executed several copies, each adapted accordingly for recording in a separate county, of the Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated June 30, 2005, for the benefit of Laurus (the various deeds of trust recorded are collectively referred to as the “June 2005 Deeds of Trust”). The June 2005 Deeds of Trust are recorded in the official records office of McMullen County, Texas, Wharton County, Texas and Matagorda County, Texas. True and correct copies of the June 2005 Deeds of Trust are attached hereto as **Exhibits “8” and “9”**.

19. Attached hereto as **Exhibit “10”** is a true and correct copy of the Collateral Assignment executed by New Century for the benefit of Laurus (the “June 2005 Collateral Assignment”). Under the June 2005 Collateral Assignment, New Century assigned to Laurus, as collateral security to secure all debts, liabilities and obligations of New Century to Laurus arising, *inter alia*, under the June 2005 SPA, the June 2005 Term Note, the June 2005 Guaranty and the other documents executed in connection therewith, all of New Century’s rights and benefits, but not obligations, in that certain Sale and Purchase Agreement dated as of June 27, 2005, by and between New Century and Han Resources Company, 4Star Ventures, L.P., Bastante Mas, Ltd., Kaye

Thompson, Sierra Vista Ventures, L.P., Linda C. Barber, B.J. Drehr, Barbara and BSC Minerals, Ltd.

20. Attached hereto as **Exhibit “11”** are true and correct copies of UCC financing statements (the “June 2005 UCCs”) filed by Laurus (1) naming New Century as debtor and filed with the Colorado Secretary of State (blanket lien, date 7/1/2005, file no. 20052071411); (2) naming Century Resources as debtor and filed with the Delaware Secretary of State (blanket lien, date 7/1/2005, file no. 52036557; (3) naming New Century and Century Resources as debtors and filed with: Texas Secretary of State (blanket lien, date 7/1/2005, file no. 05-0020696806); Matagorda County, Texas (fixture/as-extracted collateral, date 7/5/2005, file no. 055104); Wharton County, Texas (fixture/as-extracted collateral, date 7/5/2005, file no. 255766); McMullen County, Texas (fixture/as-extracted collateral, date 7/6/2005, file no. 60890).

21. The above described documents, the June 2005 SPA, the Original June 2005 Term Note, the Amended June 2005 Term Note, the Second Amended June 2005 Term Note, the June 2005 Guaranty, the June 2005 MSA, the June 2005 Stock Pledge Agreement, the June 2005 Deeds of Trust, the June 2005 Collateral Assignment, and the June 2005 UCCs, evidencing the June 2005 Secured Financing are collectively referred to hereunder as the “June 2005 Agreements”.

II. The September 2005 Secured Financing – New Century

22. In September, 2005, Laurus provided a second round of secured financing to New Century (the “September 2005 Secured Financing”) and executed the following documents.

23. On September 19, 2005, New Century and Laurus entered into a Securities Purchase Agreement (as amended, modified, supplemented and/or restated, the “September 2005 SPA”) pursuant to which New Century sold a Secured Term Note in the principal amount of \$9,500,000 (the “Original September 2005 Term Note”). A true and correct copy of the September 2005 SPA is attached hereto as **Exhibit “12”**, and a true and correct copy of the Original September 2005 Term Note is attached hereto as **Exhibit “13”**.

24. The Original September 2005 Term Note was subsequently amended by (i) that certain Amended and Restated Secured Term Note entered into as of March 31, 2006, but effective as of September 19, 2005 (the “Amended September 2005 Term Note”), a true a correct copy of which is attached hereto as **Exhibit “14”**; (ii) the Second Amended and Restated Secured Term Note entered into as of December 28, 2006, but effective as of September 19, 2005 (the “Second Amended September 2005 Term Note”), a true a correct copy of which is attached hereto as **Exhibit “15”**; (iii) the Third Amended and Restated Secured Term Note (the “Third Amended September 2005 Term Note”), a true a correct copy of which is attached hereto as **Exhibit “16”**; and (iv) the Amendment of \$9,500,000 Note dated January 18, 2008 (the “Fourth Amended September 2005 Term Note”), a true a correct copy of which is attached hereto as **Exhibit “17”**.

25. The Original September 2005 Term Note as amended by the Amended September 2005 Term Note, the Second Amended September 2005 Term Note, the Third Amended September 2005 Term Note, the Fourth Amended September 2005 Term Note,

and as further amended, modified, and restated, are collectively referred to hereunder as the “September 2005 Term Note”.

26. New Century, Century Resources and Laurus entered into the Reaffirmation and Ratification Agreement dated September 19, 2005 (the “September 2005 Reaffirmation Agreement”), pursuant to which, *inter alia*, New Century and Century Resources ratified and reaffirmed their obligations under the June 2005 Agreements and provided that the liens and security interests granted to Laurus under the June 2005 Agreements and the liens and the security interests granted under the September 2005 Secured Financing shall secure all obligations of New Century and Century Resources. A true and correct copy of the September 2005 Reaffirmation Agreement is attached hereto as **Exhibit “18”**.

27. Attached hereto as **Exhibit “19”** are true and correct copies of UCC financing statements (the “September 2005 UCCs”) filed by Laurus (1) naming New Century as debtor and filed with: Colorado Secretary of State (blanket lien, date 12/16/2005, file no. 20052126714); Texas Secretary of State (blanket lien, date 12/16/2005, file no. 05-0038469560); (2) naming Century Resources as debtor and filed with: Delaware Secretary of State (blanket lien, date 12/16/2005, file no. 53921161); Texas Secretary of State (blanket lien, date 12/16/2005, file no. 05-0038469459); and (3) naming New Century and Century Resources as debtors and filed with: Matagorda County, Texas (fixture/as-extracted collateral, date 9/20/2005, file no. 057329); Wharton County, Texas (fixture/as-extracted collateral, date 9/20/2005, file no. 257743); McMullen County, Texas (fixture/as-extracted collateral, date 9/20/2005, filing no. 61097).

28. To secure the obligations of New Century and Century Resources arising, *inter alia*, under the September 2005 SPA, the September 2005 Term Note, and the September 2005 Reaffirmation Agreement, New Century and Century Resources executed several copies, each adapted for recording in a separate county, of the Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated September 19, 2005, for the benefit of Laurus (the various deeds of trust filed and recorded are collectively referred to as the "September 2005 Deeds of Trust"). The September 2005 Deeds of Trust are recorded in the official records office of Matagorda County, Texas, Wharton County, Texas, and McMullen County, Texas. True and correct copies of the September 2005 Deeds of Trust are attached hereto as **Exhibits "20" to "22"**.

29. Attached hereto as **Exhibit "23"** is a true and correct copy of the Collateral Assignment executed by New Century for the benefit of Laurus dated September 19, 2005 (the "September 2005 Collateral Assignment"). Under the September 2005 Collateral Assignment, New Century assigned to Laurus, as collateral security to secure all debts, liabilities and obligations of New Century to Laurus arising, *inter alia*, under the September 2005 SPA, the September 2005 Term Note, the September 2005 Reaffirmation Agreement and other documents executed therewith, all of New Century's rights and benefits, but not obligations, in that certain Sale and Purchase Agreement dated as of September 2, 2005, by and among New Century and Pat Baker d/b/a Baker Exploration Company, The Sebastian Revocable Trust, George R. Smith Revocable Trust, and George Smith Family Limited Partnership d/b/a GSTX Limited Partnership.

30. The above described documents, the September 2005 SPA, the Original September 2005 Term Note, the Amended September 2005 Term Note, the Second Amended September 2005 Term Note, the Third Amended September 2005 Term Note, the Fourth Amended September 2005 Term Note, the September 2005 Reaffirmation Agreement, the September 2005 UCCs, the September 2005 Deeds of Trust, and the September 2005 Collateral Assignment, evidencing the September 2005 Secured Financing are collectively referred to hereunder as the "September 2005 Agreements".

III. The April 2006 Secured Financing – Gulf Coast

31. In April, 2006, Laurus provided certain secured financing to Gulf Coast (the "April 2006 Secured Financing") and executed the following documents.

32. On April 28, 2006, Gulf Coast and Laurus entered into a Securities Purchase Agreement (the "April 2006 SPA") pursuant to which Gulf Coast sold a Secured Term Note in the principal amount of \$40,000,000 (as amended, modified, supplemented and/or restated, the "Original April 2006 Term Note"). A true and correct copy of the April 2006 SPA is attached hereto as **Exhibit "24"**, and a true and correct copy of the Original April 2006 Term Note is attached hereto as **Exhibit "25"**.

33. In June, 2006, Gulf Coast executed the Amended and Restated Secured Term Note (the "Amended April 2006 Term Note"), amending the Original April 2006 Term Note. The Original April 2006 Term Note and the Amended April 2006 Term Note, and as further amended, modified, supplemented and/or restated, are hereinafter collectively referred to as the "April 2006 Term Note". A true and correct copy of the Amended April 2006 Term Note is attached hereto as **Exhibit "26"**.

34. New Century and Century Resources executed the Guaranty dated April 28, 2006 (the “April 2006 NCEY Guaranty”), whereby New Century and Century Resources agreed to guaranty the prompt payment of all amounts and obligations, when due, owed to Laurus arising, *inter alia*, under the April 2006 SPA, the April 2006 Term Note and the other documents executed in connection therewith. Additionally, Gulf Coast also executed a Guaranty dated April 28, 2006 (the “April 2006 Gulf Coast Guaranty”), whereby Gulf Coast agreed to guaranty the prompt payment of all amounts and obligations, when due, owed to Laurus arising, *inter alia*, under the June 2005 Agreements and September 2005 Agreements. A true and correct copy each of the April 2006 NCEY Guaranty and the April 2006 Gulf Guaranty are attached hereto as **Exhibit “27”**.

35. New Century, Century Resources, Gulf Coast and Laurus entered into the Master Security Agreement dated April 28, 2006 (as amended, modified, or supplemented, the “April 2006 MSA”), whereby New Century, Century Resources and Gulf Coast granted Laurus security interests in and liens against substantially all of the assets, including after acquired assets, of New Century, Century Resources and Gulf Coast to secure the obligations of Gulf Coast, New Century and Century Resources arising, *inter alia*, under the April 2006 SPA, the April 2006 Term Note, the April 2006 NCEY Guaranty, the April 2006 Gulf Coast Guaranty, and the other documents executed in connection therewith. A true and correct copy of the April 2006 MSA is attached hereto as **Exhibit “28”**.

36. New Century and Laurus entered into the Stock Pledge Agreement dated April 28, 2006 (the “April 2006 Stock Pledge Agreement”), whereby New Century

pledged certain shares of stock, and all dividends, cash, instruments and other property and proceeds from time to time received, receivable, or otherwise distributed in respect of or in exchange for any and all of the shares of stock pledged therein, to secure the obligations of New Century, Century Resources and Gulf Coast arising, *inter alia*, under the April 2006 SPA, the April 2006 Term Note, the April 2006 NCEY Guaranty, the April 2006 Gulf Coast Guaranty and the other documents executed in connection therewith. A true and correct copy of the April 2006 Stock Pledge Agreement with a copy of the stock certificate is attached hereto as **Exhibit “29”**.

37. New Century, Century Resources and Laurus entered into the Reaffirmation and Ratification Agreement dated April 28, 2006 (the “April 2006 Reaffirmation Agreement”), pursuant to which, *inter alia*, New Century and Century Resources ratified and reaffirmed their obligations under the June 2005 Agreements, September 2005 Agreements, and provided that the liens and security interests granted to Laurus under the June 2005 Agreements and September 2005 Agreements and the liens and the security interests granted under the April 2006 Secured Financing shall secure all obligations of New Century, Century Resources and Gulf Coast owed to Laurus. A true and correct copy of the April 2006 Reaffirmation Agreement is attached hereto as **Exhibit “30”**.

38. Attached hereto as **Exhibit “31”** are true and correct copies of UCC financing statements (the “April 2006 UCCs”) filed by Laurus (1) naming Gulf Coast as debtor and filed with: Delaware Secretary of State (blanket lien, date 4/27/2006, file no. 61423961) & (blanket lien, date 4/27/2006, file no. 61424597); Texas Secretary of State (blanket lien, date 4/27/2006, file no. 06-0014411582); McMullen County, Texas

(fixture/as-extracted collateral, date 4/28/2006, file no. 61702); Atascosa County, Texas (fixture/as-extracted collateral, date 5/19/2006, file no. 82271); (2) naming New Century as debtor and filed with: Colorado Secretary of State (blanket lien, date 4/27/2006, file no. 20062040986) & (blanket lien, date 4/27/2006, file no. 20062041000); Texas Secretary of State (blanket lien, date 4/27/2006, file no. 06-0014411360); (3) naming Century Resources as debtor and filed with: Delaware Secretary of State (blanket lien, date 4/27/2006, file no. 61423623) & (blanket lien, date 4/26/2006, file no. 61424639); Texas Secretary of State (blanket lien, date 4/27/2006, file no. 06-0014411471); and (4) naming New Century and Century Resources as debtors and filed with: Matagorda County, Texas (fixture/as-extracted collateral, date 4/28/2006, file no. 063108); Wharton County, Texas (fixture/as-extracted collateral, date 4/28/2006, file no. 263056); McMullen County, Texas (fixture/as-extracted collateral, date 4/28/2006, file no. 61701).

39. Attached hereto as **Exhibit “32”** is a true and correct copy of a letter agreement dated April 24, 2006, executed by North Fork Bank, Gulf Coast, New Century, and Laurus respecting lockbox control (the “April 2006 Lock Box Control Agreement”). The April 2006 Lock Box Control Agreement acknowledges Laurus’ security interest in and control over the Gulf Coast’s bank account at North Fork Bank, as well as Laurus’ security interest in the proceeds of collateral in the form of funds held in the account.

40. To secure the obligations of Gulf Coast, New Century and Century Resources arising, *inter alia*, under the April 2006 SPA, the April 2006 Term Note, the April 2006 NCEY Guaranty, the April 2006 Gulf Coast Guaranty, and the April 2006 Reaffirmation Agreement, (1) Gulf Coast executed several copies, each adapted for

recording in a separate county, of the Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated April 26, 2006, for the benefit of Laurus; and (2) New Century and Century Resources executed several copies, each adapted for recording in a separate county, of the Amended and Restated Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated April 26, 2006, for the benefit of Laurus. The various deeds of trust and amended deeds of trust filed and recorded are collectively referred to as the “April 2006 Deeds of Trust”. The April 2006 Deeds of Trust are recorded in the official records office of (x) with respect to Gulf Coast: McMullen County, Texas, and Atascosa County, Texas; and (y) with respect to New Century and Century Resources: McMullen County, Texas, Wharton County, Texas and Matagorda County, Texas. True and correct copies of the April 2006 Deeds of Trust are attached hereto as **Exhibits “33” to “37”**.

41. The above described documents, the April 2006 SPA, the Original April 2006 Term Note, the Amended April 2006 Term Note, the April 2006 NCEY Guaranty, the April 2006 Gulf Coast Guaranty, the April 2006 MSA, the April 2006 Stock Pledge Agreement, the April 2006 Reaffirmation Agreement, the April 2006 UCCs, the April 2006 Lock Box Control Agreement, and the April 2006 Deeds of Trust, evidencing the April 2006 Secured Financing are collectively referred to hereunder as the “April 2006 Agreements”.

IV. The June 2006 Secured Financing – Gulf Coast

42. In June, 2006, Laurus provided a second round of secured financing to Gulf Coast (the “June 2006 Secured Financing”) and executed the following documents.

43. On June 30, 2006, Gulf Coast and Laurus entered into a Securities Purchase Agreement (as amended, modified, supplemented and/or restated, the “June 2006 SPA”) pursuant to which Gulf Coast sold a Secured Term Note in the principal amount of \$5,000,000 (as amended, modified, supplemented and/or restated, the “June 2006 Term Note”). A true and correct copy of the June 2006 SPA is attached hereto as **Exhibit “38”**, and a true and correct copy of the June 2006 Term Note is attached hereto as **Exhibit “39”**.

44. New Century, Century Resources, Gulf Coast and Laurus entered into two Reaffirmation and Ratification Agreements, each dated June 30, 2006 (the “June 2006 Reaffirmation Agreements”), pursuant to which, *inter alia*, New Century, Century Resources and Gulf Coast ratified and reaffirmed their obligations under the April 2006 Agreements, and provided that the liens and security interests granted to Laurus under the April 2006 Agreements and the liens and the security interests granted under the June 2006 Financing shall secure all obligations of New Century, Century Resources and Gulf Coast owed to Laurus. A true and correct copy each of the two June 2006 Reaffirmation Agreement are attached hereto as **Exhibits “40” and “41”**.

45. To secure the obligations of Gulf Coast, New Century and Century Resources arising, *inter alia*, under the June 2006 SPA, the June 2006 Term Note, and the June 2006 Reaffirmation Agreements, Gulf Coast executed several copies, each adapted for recording in a separate county, of the Amended and Restated Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated June 30, 2006, for the benefit of Laurus (the various deeds of trust recorded are collectively referred to “June 2006 Deeds of Trust”). The June 2006 Deeds of Trust are

recorded in the official records office of Atascosa County, Texas and McMullen County, Texas. The June 2006 Deeds of Trust are attached hereto as **Exhibits “42” and “43”**.

46. Attached hereto as **Exhibit “44”** is the Collateral Assignment executed by Gulf Coast for the benefit of Laurus dated June 30, 2006 (the “June 2006 Collateral Assignment”). Under the June 2006 Collateral Assignment, Gulf Coast assigned to Laurus, as collateral security to secure all debts, liabilities and obligations of Gulf Coast to Laurus arising, *inter alia*, under the June 2006 SPA, the June 2006 Term Note, and the June 2006 Reaffirmation Agreements, all of Gulf Coast’s rights and benefits, but not obligations, in that certain Sale and Purchase Agreement dated as of June 30, 2006, by and among Gulf Coast, J&P Family Properties, Ltd., Lara Energy, Inc., John E. Hearn, Jr., and Jim Wheeler.

47. Attached hereto as **Exhibit “45”** are true and correct copies of UCC financing statements (the “June 2006 UCCs”) filed by Laurus (1) naming Gulf Coast as debtor and filed with: Delaware Secretary of State (blanket lien; date 6/30/2006, file no. 62280543), (blanket lien, date 6/30/2006, file no. 62280683) & (blanket lien, date 6/30/2006, file no. 62283224); Texas Secretary of State (blanket lien, date 6/30/2006, file no. 06-0022322714) & (blanket lien, date 6/30/2006, file no. 06-0022423190); McMullen County, Texas (fixture/as-extracted collateral, date 7/3/2006, file no. 61908); and Atascosa County, Texas (fixture/as-extracted collateral, date 7/10/2006, file no. 83277); (2) naming New Century as debtor and filed with Colorado Secretary of State (blanket lien, date 7/7/2006, file no. 20062066847); and (3) naming Century Resources as debtor and filed with Delaware Secretary of State (blanket lien, date 7/6/2006, file no. 62334134).

48. The above described documents, the June 2006 SPA, the June 2006 Term Note, the June 2006 Reaffirmation Agreements, the June 2006 Deeds of Trust, the June 2006 Collateral Assignment, and the June 2006 UCCs, evidencing the June 2006 Secured Financing are collectively referred to hereunder as the “June 2006 Agreements”.

49. As of the Petition Date, the Debtors’ obligations under the June 2006 Term Note have been paid in full.

V. The December 2006 Secured Financing – New Century

50. In December, 2006, Laurus provided New Century a third round of secured financing (the “December 2006 Secured Financing”) and executed the following documents.

51. On December 28, 2006, New Century and Laurus entered into a Securities Purchase Agreement (as amended, modified, supplemented and/or restated, the “December 2006 SPA”) pursuant to which New Century sold a Secured Term Note in the principal amount of \$16,210,000 (as amended, modified, supplemented and/or restated, the “December 2006 Term Note”). A true and correct copy of the December 2006 SPA is attached hereto as **Exhibit “46”**, and a true and correct copy of the December 2006 Term Note is attached hereto as **Exhibit “47”**.

52. New Century, Century Resources, Gulf Coast, and Laurus entered into the Master Security Agreement dated December 28, 2006 (as amended, modified, or supplemented, the “December 2006 MSA”), whereby New Century, Century Resources and Gulf Coast granted Laurus security interests in and liens against substantially all of the assets, including after acquired assets, of New Century, Century Resources, and Gulf Coast to secure the obligations of New Century, Century Resources and Gulf Coast owed

to Laurus arising, *inter alia*, under the December 2006 SPA, the December 2006 Term Note, and the December 2006 Guaranty (as defined below). A true and correct copy of the December 2006 MSA is attached hereto as **Exhibit “48”**.

53. Gulf Coast executed the Amended Guaranty dated December 28, 2006 (the “December 2006 Guaranty”), whereby Gulf Coast agreed to guaranty the prompt payment of all amounts and obligations, when due, owed by New Century to Laurus arising, *inter alia*, under the December 2006 SPA, and the December 2006 Term Note and the other documents executed in connection therewith. A true and correct copy of the December 2006 Guaranty is attached hereto as **Exhibit “49”**.

54. New Century, Century Resources, Gulf Coast and Laurus entered into the Reaffirmation and Ratification Agreement dated December 28, 2006 (the “December 2006 Reaffirmation Agreement”), pursuant to which, *inter alia*, New Century, Century Resources, and Gulf Coast ratified and reaffirmed their obligations under the June 2005 Agreements, the September 2005 Agreements, the April 2006 Agreements, and the June 2006 Agreements, and provided that the liens and security interests granted to Laurus under the June 2005 Agreements, the September 2005 Agreements, the April 2006 Agreements, the June 2006 Agreements, and the liens and the security interests granted under the December 2006 Secured Financing shall secure all obligations of New Century, Century Resources and Gulf Coast owed to Laurus. A true and correct copy of the December 2006 Reaffirmation Agreement is attached hereto as **Exhibit “50”**.

55. To secure the obligations of Gulf Coast, New Century and Century Resources arising, *inter alia*, under the December 2006 SPA, the December 2006 Term Note, the December 2006 Guaranty, and the December 2006 Reaffirmation Agreement,

Gulf Coast executed several copies, each adapted for recording in a separate county, of the First Amendment to Amended and Restated Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated January 30, 2007, for the benefit of Laurus (the various deeds of trust filed and recorded are collectively referred to as “December 2006 Deeds of Trust”). The December 2006 Deeds of Trust are recorded in the official records office of Atascosa County, Texas and McMullen County, Texas. True and correct copies of the December 2006 Deeds of Trust are attached hereto as **Exhibits “51” and “52”**.

56. Attached hereto as **Exhibit “53”** are true and correct copies of UCC financing statements (the “December 2006 UCCs”) filed by Laurus (1) naming New Century as debtor and filed with: Colorado Secretary of State (blanket lien, date 1/4/2007, file no. 20072001583) & (blanket lien, date 1/4/2007, file no. 20072001587); Texas Secretary of State (blanket lien, date 1/2/2007, file no. 07-0000465456); (2) naming Century Resources as debtor and filed with: Delaware Secretary of State (blanket lien, date 1/4/2007, file no. 20070050681) & (blanket lien, date 1/4/2007, file no. 20070118926); Texas Secretary of State (blanket lien, date 1/4/2007, file no. 07-0000465567); (3) naming New Century and Century Resources as debtors and filed with: Wharton County, Texas (fixture/as-extracted collateral, date 1/8/2007, filing no. 269469); and McMullen County, Texas (fixture/as-extracted collateral, date 1/9/2007, file no. 62409); and (4) naming Gulf Coast as debtor and filed with: Delaware Secretary of State (blanket lien, date 1/4/2007, file no. 20070050830) & (blanket lien, date 1/4/2007, file no. 20070119031); Texas Secretary of State (blanket lien, date 1/4/2007, file no. 07-0000465678); McMullen County Texas (fixture/as-extracted collateral, date 1/9/2007,

file no. 62408); Atascosa County, Texas (fixture /as-extracted collateral, date 1/10/2007, file no. 87556).

57. The above described documents, the December 2006 SPA, the December 2006 Term Note, the December 2006 MSA, the December 2006 Guaranty, the December 2006 Reaffirmation Agreement, the December 2006 Deeds of Trust, and the December 2006 UCCs, evidencing the December 2006 Secured Financing are collectively referred to hereunder as the “December 2006 Agreements”.

VI. The November 2007 Secured Financing

58. In November, 2007, Laurus provided additional secured financing to both Gulf Coast and New Century (the “November 2007 Secured Financing”) and executed the following documents.

A. Gulf Coast Transaction

59. On November 20, 2007, Gulf Coast and Laurus entered into a Securities Purchase Agreement (as amended, modified, supplemented and/or restated, the “November 2007 SPA”) pursuant to which Gulf Coast sold (i) a Secured Term Note in the principal amount of \$3,100,000 (as amended, modified, supplemented and/or restated, the “November 2007 Valens Term Note”), and (ii) a Secured Term Note in the principal amount of \$4,000,000 (as amended, modified, supplemented and/or restated, the “November 2007 Valens Offshore Term Note”, and together with the November 2007 Valens Term Note, the “November 2007 Valens Notes”). A true and correct copy of the November 2007 SPA is attached hereto as **Exhibit “54”**; a true and correct copy of the November 2007 Valens Term Note is attached hereto as **Exhibit “55”**; and a true and

correct copy of the November 2007 Valens Offshore Term Note is attached hereto as **Exhibit “56”**.

60. On November 20, 2007, New Century, Century Resources, Gulf Coast and Laurus entered into the Amendment of Existing Note and Consent to Distribution and Granting of Liens (the “Amendment of Existing Note”). A true and correct copy of the Amendment of Existing Note is attached hereto as **Exhibit “57”**.

61. New Century and Century Resources executed the Guaranty dated November 20, 2007 (the “November 2007 Guaranty”), whereby New Century and Century Resources agreed to guaranty the prompt payment of all amounts and obligations owed by Gulf Coast to Laurus arising, *inter alia*, under the November 2007 SPA, the November 2007 Valens Notes and the other documents executed in connection therewith. A true and correct copy of the November 2007 Guaranty is attached hereto as **Exhibit “58”**.

62. Gulf Coast, New Century, Century Resources, and Laurus entered into a Master Security Agreement dated November 20, 2007 (as amended, modified, or supplemented, the “November 2007 MSA”), whereby New Century, Century Resources and Gulf Coast granted Laurus security interests in and liens against substantially all of the assets, including after acquired assets, of New Century, Century Resources and Gulf Coast to secure the obligations of New Century, Century Resources, and Gulf Coast arising, *inter alia*, under the November 2007 SPA, the November 2007 Valens Notes, the November 2007 Guaranty and the other documents executed in connection therewith. A true and correct copy of the November 2007 MSA is attached hereto as **Exhibit “59”**.

63. New Century and Laurus entered into the Stock Pledge Agreement dated November 20, 2007 (the “November 2007 Stock Pledge Agreement”), whereby New Century pledged certain shares of stock, and all dividends, cash, instruments and other property and proceeds from time to time received, receivable, or otherwise distributed in respect of or in exchange for any and all of the shares of stock pledged therein, to secure the obligations of New Century, Century Resources, and Gulf Coast including, arising, *inter alia*, under the November 2007 SPA, the November 2007 Valens Notes, the November 2007 Guaranty and the other documents executed in connection therewith. A true and correct copy of the November 2007 Stock Pledge Agreement is attached hereto as **Exhibit “60”**.

64. Gulf Coast and Laurus entered into a Net Profits Interest Agreement dated November 30, 2007 (the “Net Profits Interest Agreement”) pursuant to which Gulf Coast conveyed to Laurus certain net profit overriding royalty interests relating to oil and gas lease interests held by Gulf Coast to secure the obligations of Gulf Coast arising, *inter alia*, under the November 2007 SPA, the November 2007 Valens Notes, the November 2007 Guaranty and the other documents executed in connection therewith. A true and correct copy of the Net Profits Interest Agreement is attached hereto as **Exhibit “61”**. The conveyance of the net profit interests was recorded under the Conveyance of Net Profits Overriding Royalty Interest dated November 30, 2007 (the “Net Profits Conveyance”) in the official records office of McMullen County, Texas and Atascosa County, Texas. A true and correct copy each of the Net Profits Conveyance as recorded in each county is attached hereto as **Exhibits “62” and “63”**.

65. Attached hereto as **Exhibit “64”** is a true and correct copy of a letter agreement dated November 27, 2007, executed by Gulf Coast, Laurus and North Fork Bank respecting lock box control (the “November 2007 Lock Box Control Agreement”). The November 2007 Lock Box Control Agreement acknowledges Laurus’ security interest in and control over the Gulf Coast bank account at North Fork Bank, as well as Laurus’ security interest in the funds held in the Gulf Coast bank account.

66. Attached hereto as **Exhibit “65”** is a true and correct copy of the Lock Box Mechanics Agreement dated November 20, 2007 (the “November 2007 Lock Box Mechanics Agreement”), and executed by Gulf Coast and Laurus, governing the disbursement of funds received in Gulf Coast’s lock box in which Laurus has control pursuant to the November 2007 Lock Box Control Agreement.

67. To secure the obligations of Gulf Coast arising, *inter alia*, under the November 2007 SPA, the November 2007 Valens Notes, and the November 2007 Guaranty, (1) Gulf Coast executed several copies, each adapted for recording in a separate county, of the Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated November 20, 2007, for the benefit of Laurus; and (2) New Century and Century Resources executed several copies, each adapted for recording in a separate county, the Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated November 20, 2007, for the benefit of Laurus. The various deeds of trust filed and recorded are collectively referred to as the “November 2007 Deeds of Trust”. The November 2007 Deeds of Trust are recorded in the official records offices of (x) with respect to Gulf Coast: Atascosa County, Texas, and McMullen County, Texas, and (y) with respect to

New Century and Century Resources: Goliad County, Texas, Jim Hogg County, Texas, McMullen County, Texas, Wharton County, Texas and Matagorda County, Texas. True and correct copies of the November 2007 Deeds of Trust are attached hereto as **Exhibits** **“66” to “72”**.

68. The above described documents, the November 2007 SPA, the November 2007 Valens Term Note, the November 2007 Valens Offshore Term Note, the Amendment of Existing Note, the November 2007 Guaranty, the November 2007 MSA, the November 2007 Stock Pledge Agreement, the Net Profits Interest Agreement, the Net Profits Conveyance, the November 2007 Lock Box Control Agreement, the November 2007 Lock Box Mechanics Agreement, and the November 2007 Deeds of Trust, evidencing the November 2007 Secured Financing - Golf Coast Transaction are collectively referred to hereunder as the “November 2007 Gulf Coast Agreements”.

B. New Century Transaction

69. On November 30, 2007, New Century and Laurus entered into a Securities Purchase Agreement (as amended, modified, supplemented and/or restated, the “November NCEY 2007 SPA”) pursuant to which New Century sold (i) a Secured Term Note in the principal amount of \$2,300,000 (as amended, modified, supplemented and/or restated, the “November 2007 NCEY Valens Term Note”), and (ii) a Secured Term Note in the principal amount of \$3,000,000 (as amended, modified, supplemented and/or restated, the “November 2007 NCEY Valens Offshore Term Note”), and together with the November 2007 NCEY Valens Term Note, the “November 2007 NCEY Valens Notes”). A true and correct copy of the November NCEY 2007 SPA is attached hereto as **Exhibit** **“73”**; a true and correct copy of the November 2007 NCEY Valens Term Note is

attached hereto as **Exhibit “74”**; and a true and correct copy of the November 2007 NCEY Valens Offshore Term Note is attached hereto as **Exhibit “75”**.

70. Gulf Coast and Century Resources executed the Guaranty dated November 30, 2007 (the “November 2007 NCEY Guaranty”), whereby Gulf Coast and Century Resources agreed to guaranty the prompt payment of all amounts and obligations owed by New Century to Laurus arising, *inter alia*, under the November 2007 NCEY SPA, the November 2007 NCEY Valens Notes, and the other documents executed in connection therewith. A true and correct copy of the November 2007 NCEY Guaranty is attached hereto as **Exhibit “76”**.

71. New Century, Century Resources, Gulf Coast and Laurus entered into the Master Security Agreement dated November 30, 2007 (as amended, modified, or supplemented, the “November 2007 NCEY MSA”), whereby New Century, Century Resources and Gulf Coast granted Laurus security interests in and liens against substantially all assets, including after-acquired assets, of New Century, Century Resources and Gulf Coast to secure the obligations of New Century, Century Resources, and Gulf Coast arising, *inter alia*, under the November 2007 NCEY SPA, the November 2007 NCEY Valens Notes, the November 2007 NCEY Guaranty and the other documents executed in connection therewith. A true and correct copy of the November 2007 NCEY MSA is attached hereto as **Exhibit “77”**.

72. Attached hereto as **Exhibits “78” and “79”** are the true correct copy each of the Ratification of and Amendment to Mortgage Deed of Trust, Security Agreement, Financing Statement and Assignment of Production executed by Gulf Coast for the benefit of Laurus (the “November 2007 NCEY Ratification of Deeds”) to secure Gulf

Coast's obligations arising, *inter alia*, under the November 2007 NCEY Guaranty, and as recorded in the official records office of McMullen County, Texas and Atascosa County, Texas.

73. New Century and Century Resources and Laurus entered into the Net Profits Interest Agreement dated November 20, 2007 (the "NCEY Net Profits Interest Agreement") pursuant to which New Century and Century Resources conveyed to Laurus certain net profit overriding royalty interests relating to oil and gas lease interests held by New Century and Century Resources to secure the obligations of New Century arising, *inter alia*, under the November 2007 NCEY SPA, the November 2007 NCEY Valens Notes, and the other documents executed in connection therewith. A true and correct copy of the NCEY Net Profits Interest Agreement is attached hereto as **Exhibit "80"**. The conveyance of the net profit interests was recorded under the Conveyance of Net Profits Overriding Royalty Interest dated November 30, 2007 (the "NCEY Net Profits Conveyance") in Matagorda County, Texas, Wharton County, Texas, and Goliad County, Texas. A true and correct copy each of the NCEY Net Profits Conveyance as recorded in each county is attached hereto as **Exhibits "81" to "83"**.

74. New Century and Laurus entered into the Stock Pledge Agreement dated November 30, 2007 (the "November 2007 NCEY Stock Pledge Agreement"), whereby New Century pledged certain shares of stock, and all dividends, cash, instruments and other property and proceeds from time to time received, receivable, or otherwise distributed in respect of or in exchange for any and all of the shares of stock pledged therein, to secure the obligations of New Century, Century Resources, and Gulf Coast including, arising, *inter alia*, under the November NCEY 2007 SPA, the November 2007

NCEY Valens Notes, the November 2007 NCEY Guaranty and the other documents executed in connection therewith. A true and correct copy of the November 2007 Stock Pledge Agreement is attached hereto as **Exhibit “84”**.

75. Attached hereto as **Exhibit “85”** are the true and correct copies of lock box / restricted account agreements (the “November 2007 NCEY Restricted Account Agreements”) executed by New Century and Laurus and North Fork Bank authorizing Laurus’ control over the bank account of New Century with the North Fork Bank (the “Restricted Account”), and the procedures and agreements relating to the disbursement of funds from such Restricted Account.

76. To secure the obligations of New Century arising, *inter alia*, under the November 2007 NCEY SPA, the November 2007 NCEY Valens Notes, and the November 2007 NCEY Guaranty, New Century and Century Resources executed several copies, each adapted for recording in a separate county, the Amended and Restated Mortgage, Deed of Trust, Security Agreement, Financing Statement and Assignment of Production dated November 30, 2007, for the benefit of Laurus. The various deeds of trust filed and recorded are collectively referred to as the “November NCEY 2007 Deeds of Trust”. The November NCEY 2007 Deeds of Trust are recorded in the official records office of Goliad County, Texas, Jim Hogg County, Texas, McMullen County, Texas, Matagorda County, Texas and Wharton County, Texas. True and correct copies of the November 2007 NCEY Deeds of Trust are attached hereto as **Exhibits “86” to “90”**.

77. Attached hereto as **Exhibit “91”** is a true and correct copy of the Consent to Valens Securities Purchase Agreement and Granting of Liens dated November 30, 2007, executed by Laurus and New Century (the “November 2007 NCEY Consent

Letter"). Pursuant to the November 2007 NCEY Consent Letter, New Century agreed, *inter alia*, to grant a security interest to Laurus in all its deposit accounts and "Restricted Accounts" (as such term is defined in the November 2007 NCEY Consent Letter) to secure obligations owed by New Century to Laurus arising, *inter alia*, under the November 2007 NCEY SPA, November 2007 NCEY Valens Notes and the other documents executed in connection therewith.

78. The above described documents, the November NCEY 2007 SPA, the November 2007 NCEY Valens Term Note, the November 2007 NCEY Valens Offshore Tem Note, the November 2007 NCEY Guaranty, the November 2007 NCEY MSA, the November 2007 NECY Ratification of Deeds, the NCEY Net Profits Interest Agreement, the NCEY Net Profits Conveyance, the November 2007 Stock Pledge Agreement, the November 2007 Restricted Account Agreements, the November 2007 NCEY Deeds of Trust, the November 2007 UCCs, and the November 2007 Consent Letter, evidencing the November 2007 Secured Financing – New Century Transaction are collectively referred to hereunder as the "November 2007 NCEY Agreements".

79. The November 2007 Gulf Coast Agreements and the November 2007 NCEY Agreements are collectively referred to as the "November 2007 Agreements".

80. Attached hereto as **Exhibit "92"** are true and correct copies of UCC financing statements (the "November 2007 UCCs") filed by Laurus relating to the November 2007 Agreements. Laurus filed the November 2007 UCCs (1) naming Gulf Coast as debtor and filed with: Delaware Secretary of State (blanket lien, date 11/21/2007, file no. 20074447065) & (blanket lien, date 11/19/2007, file no. 20074404132); and Texas Secretary of State (blanket lien, date 12/06/2007, file no. 07-

004128462); (2) naming New Century as debtor and filed with: Colorado Secretary of State (blanket lien, date 11/19/2007, file no. 20072116397) & (blanket lien, date 11/21/2007, file no. 20072117175); and Texas Secretary of State (blanket lien, date 11/26/2007, file no. 07-040036000); and (3) naming Century Resources as debtor and filed with: Delaware Secretary of State (blanket lien, date 11/19/07, filed no. 20074404447) & (blanket lien, date 11/21/2007, file no. 20074447040); and Texas Secretary of State (blanket lien, date 12/6/2007, file no. 07-0041268139).

VII. Default and Acceleration of Notes

81. The June 2005 Agreements, the September 2005 Agreements, the April 2006 Agreements, the December 2006 Agreements, the November 2007 Gulf Coast Agreements, and the November 2007 NCEY Agreements are collectively referred to hereinafter as the “Documents” (note: as stated in Paragraph 48 hereinabove, the Debtors’ obligations under the June 2006 Term Note have been paid in full).

82. The debt obligations under the June 2005 Note and the September 2005 Note matured and became due and payable on June 30, 2008 (“Delinquent Amounts”). The Debtors failed to pay the Delinquent Amounts on June 30, 2008, or by the Grace Period (as such term is defined in the June 2005 Agreements and the September 2005 Agreements) of July 3, 2008.

83. On July 7, 2008, Laurus sent the Debtors a Payment Default Notification and Short-Term Forbearance Agreement (the “July 7 Default Notice”), whereby (i) Laurus informed the Debtors that Events of Default as defined under the June 2005 Agreements and the September 2005 Agreements had occurred due to the failure of the Debtors to pay the Delinquent Amounts when due, (ii) that the occurrence of an Event of

Default under any of the Documents constitutes an Event of Default under each of the Documents (see, *inter alia*, April 2006 Term Note, Sec. 2.1; April 2006 Reaffirmation Agreement, Para. (4); December 2006 Term Note, Para. 2.1; November 2007 Valens Notes, Sec. 2.1 of each; November 2007 NCEY Valens Notes, Sec. 2.1 of each), and therefore the occurrence of Events of Default under the June 2005 Agreements and September 2005 Agreements constitute an Event of Default under and as defined in each of the Documents (the Events of Default are collectively referred to as “Existing Cross Defaults”), and (iii) Laurus agreed to a Forbearance Period (as such term is defined in the July 7 Default Notice) to and include July 18, 2008, for the Debtors to cure or otherwise resolve the Existing Cross Defaults with Laurus. A true and correct copy of the July 7 Default Notice is attached hereto as **Exhibit “93”**.

84. The Debtors failed to cure the Existing Cross Defaults by July 18, 2008.

85. On July 21, 2008, Laurus sent an Acceleration Notice to the Debtors (the “July 21 Acceleration Notice”), accelerating all of the Obligations (as such term is defined in the Documents) under the Documents and all indebtedness and liabilities owing by the Debtors to Laurus and declaring all to be immediately due and payable to Laurus. A true and correct copy of the July 21 Acceleration Notice is attached hereto as **Exhibit “94”**.

86. As of the Debtors’ Petition Date (July 28, 2008), the amounts due and payable to Laurus by the Debtors under the Documents are no less than the amounts set forth as follows:

(a) June 2005 Agreements – New Century:

Principal:	\$11,800,000.00
Interest Accrued:	\$ 64,244.44
Default Payment:	\$ 3,552,389.98
Default Interest Accrued:	\$ 112,584.19
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Total:	\$15,529,218.61

(b) September 2005 Agreements – New Century:

Principal:	\$ 6,351,390.91
Interest Accrued:	\$ 98,799.41
Default Payment:	\$ 1,924,471.39
Default Interest Accrued:	\$ 60,689.66
<hr/>	
Total:	\$ 8,435,351.37

(c) April 2006 Agreements – Gulf Coast:

Principal:	\$24,969,753.72
Interest Accrued:	\$ 159,322.39
Default Payment:	\$ 7,829,082.13
Default Interest Accrued:	\$ 192,382.92
<hr/>	
Total:	\$33,150,541.16

(d) December 2006 Agreements – New Century:

Principal:	\$14,062,389.75
Interest Accrued:	\$ 471,511.00
Default Payment:	\$ 4,235,591.82
Default Interest Accrued:	\$ 134,185.20
<hr/>	
Total:	\$18,903,677.77

(e) November 2007 Gulf Coast Agreements – Gulf Coast:

Principal:	\$ 6,308,402.14
Interest Accrued:	\$ 40,251.49
Default Payment:	\$ 1,977,790.16
Default Interest Accrued:	\$ 52,224.10
<hr/>	
Total:	\$ 8,378,667.89

(f) November 2007 NCEY Agreements – New Century:

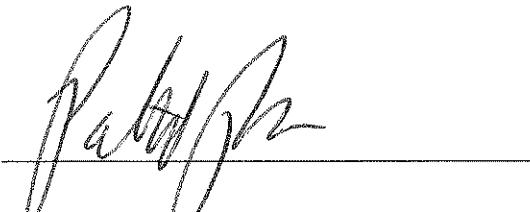
Principal:	\$ 4,346,599.16
Interest Accrued:	\$ 27,045.51
Default Payment:	\$ 1,309,195.66
Default Interest Accrued:	\$ 23,476.88
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Total:	\$ 5,706,317.21

(g) **Grand Total of Amount Due and Payable as of July 28, 2008:**

\$90,103,774.01

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information and belief.

Dated: August 21, 2008



Patrick Regan